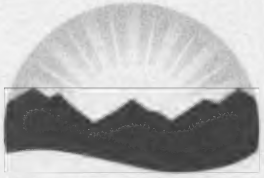
BC GAMES SOCIETY

2014/15
ANNUAL SERVICE PLAN REPORT



BRITISH
COLUMBIA

For more information on the BC Games Society contact:

200 – 990 Fort Street

Victoria, BC V8V 3K2

250.387.1375

info@bcgames.org

bcgames.org

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Board Chair's Message and Accountability Statement

On behalf of the Board of Directors and staff of the BC Games Society, I am pleased to present our *2014/15 Annual Service Plan Report* that reflects the society's performance for the 12 months ended March 31, 2015.

BC Games play a crucial role in the sport sector in BC, as well as in helping communities build their capacity to attract, prepare for, and deliver significant events. Whether managing up to seven multi-sport games concurrently, raising the bar with Team BC, or assisting with a multitude of ancillary roles in support of the BC sport sector, we do so professionally and with great integrity.

Our collective success is due to our committed, knowledgeable staff of ten who uses a Transfer of Knowledge (TOK) program which is the benchmark for multi-sport games success in Canada. Those same TOK principles and practices are coming into play within the Team BC environment, and we will continue to streamline our internal processes with each passing Canada or Western Canada Games.

The BC Games Society *2014 / 2015 Annual Service Plan Report* compares the society's actual results identified in the *2014 / 2015 – 2016 / 2017 Service Plan*. I am accountable for those results as reported.

Byron McCorkell
Board Chair

Table of Contents

Strategic Direction and Context 5
Strategic Direction 5
Strategic Context 6
Report on Performance 6
Goals, Strategies, Measures and Targets 8
Financial Report 13
Management Discussion and Analysis 13
Financial Resource Summary Table 14
Appendix A: Additional Information 25
Corporate Governance 25
Organizational Overview 25

Purpose of the Organization

Established in 1977 by the BC Government under the *Societies Act*, the BC Games Society (the "Society") is the leadership organization that guides the BC Winter and BC Summer Games and prepares Team BC for national multi-sport games. These games provide an opportunity for the development of athletes, coaches, and officials in preparation for higher levels of competition in a multi-sport event. The Games also promote interest and participation in sport and sporting activities, individual achievement, and community development.

Since 1978, the Society has been staging the BC Winter and BC Summer Games. The two events, held every even calendar year, are BC's largest regularly-scheduled multi-sport events. Located in Victoria, the Society provides event management support, volunteer and participant management software, and financial resources to each of its games hosts. These host communities then form separate not-for-profit societies for the three-year cycle of their games management.

The Society is also responsible for the operations of Team BC, (for things such as mission staff, logistics, travel, uniform procurement) which brings together British Columbia's best athletes to compete at the Canada Games and Western Canada Summer Games.

The organization is recognized as a leader in multi-sport event and volunteer management and works in partnership with governments, businesses and not-for-profit organizations, in and out of the sport sector, to plan and deliver BC Games and manage Team BC operations.

Strategic Direction and Context

Strategic Direction

The Government's Letter of Expectations signed March 7, 2014 directed the Society to:

- Plan for the BC Winter and BC Summer Games in alternate fiscal years.
- Assist in the delivery of the 55+ BC Games, in partnership with the BC Seniors Games Society.
- Contribute to sector and provincial goals in the areas of event hosting, volunteer development, and alignment with Canadian Sport for Life model.
- Contribute advice, expertise and inventory to the successful completion of the 2015 Canada Winter Games in Prince George.

The above-noted accountabilities were implemented within the framework of the Taxpayer Accountability Principles (TAP) which was introduced to strengthen accountability, promote cost control and support strategic engagement. The framework will allow the Society to be effective and efficient in its delivery, while doing so with integrity and respect and in the best interests of taxpayers. These last two principles are also highlighted as part of the Society's values statement.

Strategic Context

While the past year brought continued success to the Society, various considerations impacted the Society's operating environment:

- Two long term employees left for new positions outside of Victoria which impacted the transmission of institutional knowledge. Their replacements have adapted quickly to ensure a level of support for the volunteer communities they serve.
- The Nanaimo District Teachers' Association and the Nanaimo 2014 BC Summer Games Society reached a negotiated agreement to achieve an uninterrupted games.
- The 55+ BC Games (formerly the BC Seniors Games) developed a five-year strategic plan that identifies its long term vision and overall sustainability. While this work will contribute to overall efficiencies and improved partnerships, organizational challenges continue as this process unfolds. Staff, however, continue to work with host community volunteers and the BC Seniors Games Society to ensure positive outcomes for participants.
- Decreased volunteer capacity impacts the operations at all levels of the BC Games, which, in some instances, can result in in operational budget pressures for the Society or host society.

Report on Performance

The Society successfully delivered on the 2014/15 *Government Letter of Expectations* through:

- Providing guidance, resources and other support to host societies to successfully stage the 2014 BC Summer Games and 2014 BC Seniors Games and prepare for the 2016 BC Winter Games and 2015 55+ BC Games.
- Aligning BC Games with Canadian Sport for Life objectives as demonstrated by 57 per cent of Team BC competing at the 2015 Canada Winter Games being comprised of BC Game alumni.
- Providing advice and expertise to Prince George's host society by naming the BC Games President and Chief Executive Officer to the 2015 Canada Winter Games Society Board of Directors and Legacy Committees as well as enabling overall knowledge transfer support to the Organizing Committee.
- Helping through volunteer training and guidance to build host communities' capacity and experience in hosting major events and individuals' jobs skills and expertise – all of which contribute to the Province's economic and BC Jobs Plan priorities.

2014/15 also saw the beginning of the implementation of the BC Government's TAP. The following table summarizes the Society's initial TAP implementation.

Taxpayer Accountability Principle Action Items	***Status***
An orientation about the government strategic mandate for public sector board members and CEOs. The orientation will promote understanding of the principles and will be the signed by the participants. This will be an ongoing process and all new appointments will receive the strategic mandate orientation.	Under development
Public sector organizations will develop comprehensive codes of conduct that will apply throughout their organization.	Completed
All public sector boards will annually receive new mandate letters from their Minister responsible. All board members will sign the mandate letter and the letters will be posted publicly, enhancing their accountability to government's strategic mandate.	Ongoing
An annual Chair/CEO report letter with respect to the organization's performance concerning the mandate letter expectations to be established as a new accountability requirement.	Under development
Regular meetings required between Ministers and board chairs, and Deputy Ministers and CEOs that focus on performance against the taxpayer accountability principles, results and strategic decision making.	Ongoing (meetings have been scheduled)
In collaboration with their responsible ministries, develop an evaluation plan with specific efficiency and performance measures as determinants of the organization's health and performance, against the Taxpayer Accountability Principles.	Under development
Assist their responsible Deputy Minister to develop a strategic engagement plan to work more effectively together and to demonstrate accountability for the outcomes and measurements identified by the Minister responsible.	Under development
Undertake more comprehensive and appropriate communication, orientation and training regarding the accountability framework, the taxpayer accountability principles, roles and expectations for their boards and executive.	Ongoing
Institutionalize semi-annual board chair/CEO/DM meetings with members of the Executive Council.	Ongoing

Goals, Strategies, Measures and Targets

The goals and performance measures outlined in the BC Games Society 2014/15 – 2016/17 Service Plan reflect the core business of the Society. Intrinsic to the Society's core business is a commitment to further both the sport system and government's goals and objectives, particularly with respect to healthy living, sport, and economic and community development. Through working with provincial sport organizations, organizations for people with disabilities and the Aboriginal Sports, Recreation and Physical Activity Partners Council to promote BC Games and zone competitions, BC Games contributes to increased participation in sport, particularly to those populations typically under-represented in sport (e.g. persons with a disability, Aboriginal and multicultural populations, and seniors). The development and implementation of coaching and officials' standards for BC Games' competitions also helps raise the level of competence and quality of coaching and technical support in communities throughout B.C. As well, BC Games continues to promote the Canadian Sport for Life model[1] by aligning the Games with the model's Learn to Train / Train to Train stage of athlete development – thereby helping BC athletes and coaches move from one level of competition to another. This is measured by tracking the progression of BC Games alumni on provincial and national teams.

Community development is enhanced not only by multi-sport events bringing economic spin-offs to host communities, in the form of increased revenue from tourism , product and service supply opportunities for local businesses and other similar benefits , but also by training volunteers and providing "opportunities to lead" to key volunteers. Training and leadership opportunities enhance a community's capacity to host future major events and provide important job skills such as administrative, event planning, and team work, which are noteworthy legacies. Success is measured through the number of volunteers recruited and trained and key volunteers use and satisfaction of BC Games' resources.

These legacies support government's commitment to fiscal responsibility, the BC Jobs Plan, a strong economy, and *Accessibility 2024* by effective and efficient use of resources (through event management staff providing guidance and other resources to host societies), developing job skills and experience (through trained volunteers), economic development (through visitor and Games' spending and legacy funds) and providing opportunities for increased participation and accessibility for athletes with disabilities.

Goal 1: Effective Management of BC Winter Games, BC Summer Game and BC Seniors Games[2].

In partnership with host societies, the Society delivered the Nanaimo 2014 BC Summer Games and planned for the Penticton 2016 BC Winter Games – both quality multi-sport events that benefitted or will benefit participants, volunteers, partners and host communities. Through a Service Level Agreement with the BC Seniors Games Society, the BC Games Society also provided effective event management services to host societies for the Langley 2014 BC Seniors Games and the North Vancouver 2015 55+ BC Games (that will take place August 2015).

1 The Canadian Sport for Life model is an approach taken by the federal, provincial and territorial jurisdictions in Canada to encourage lifelong participation in sport at all abilities and interests.

2 As of August 2014, the name of the BC Seniors Games has been changed to 55+ BC Games. The BC Seniors Games Society name remains the same.

The BC Games Society also oversaw Team BC operations at the 2015 Canada Winter Games in Prince George, ensuring a cost-effective and efficient Games in support of the *Taxpayer Accountability Principles*.

Strategies

- Provided concise written and online materials to support the volunteers in delivering quality BC Games. While no specific performance measures are included for staff support, the effectiveness and use of these materials were enhanced by event managers' ongoing review of materials, and their "mentorship" to key volunteers in host communities;
- Standards and policies (e.g. coaching and official certification level requirements, core sport selection criteria, and athlete selection criteria) were developed and implemented; not only raising the standard of event delivery, but building these resources in communities that send teams to the BC Games;
- Provincial Sport Organizations used the BC Games as a training ground for the long term development of athletes towards participation as members of Team BC at the 2015 Canada Winter Games where BC Games alumni made up 57 per cent of the team;
- Provided guidelines and event management expertise to help ensure financial legacies for BC Winter and BC Summer Games.

Performance Measure 1.1: BC Games' resources meet the needs of volunteers

Providing volunteers with the knowledge and resources to prepare for and deliver large events is key to successful BC Games and building community capacity to host future events. This measure indicates that volunteers feel they have been provided with useful information and support to help them develop skill, confidence and competency with their tasks.

Performance Measure	2011/12 Actual (2012 BCWG)	2012/2013 Actual (2012 BCSG)	2013/14 Actual (2014 BCWG)	2014/15 Forecast (2014 BCSG)	2014/15 Actual (2014 BCSG)	2015/16 Target (2016 BCWG)	2016/17 Target (2016 BCSG)
Volunteers use and value on-line tasks, samples and protocols to effectively manage their Games[1]	93%	83%	92%	85%	90%	85%	85%

Data Source: [1] Volunteers surveyed using online Survey Monkey tool following each set of Games.

Performance Measure 1.2: Coaches meet certification requirements

The selection of National Coaching Certification Program (NCCP) Level 2 as the standard for BC Games is consistent with the Canadian Sport for Life long-term athlete development model which matches athlete and coach development to stages of growth from one level of competition to another. This measure not only contributes to raising the standard of the competitive experience for athletes participating at BC Games, but provides various communities across BC with a legacy of competent,

trained coaches. The target reflects the fact that the BC Summer Games have more team sports and each team has a large coaching complement; only the head coach is required to meet BC Games certification standards.

Performance Measure	2011/12 Actual (2012 BCWG)	2012/2013 Actual (2012 BCSG)	2013/14 Actual (2014 BCWG)	2014/15 Forecast (2014 BCSG)	2014/15 Actual (2014 BCSG)	2015/16 Target (2016 BCWG)	2016/17 Target (2016 BCSG)
Coaches attending the BC Winter Games and BC Summer Games are certified at the required NCCP level 2.[1]	88%	92%	92%	85%	92%	80%	85%

Data Source:
[1] Information provided by provincial sport organizations and Coaching Association of Canada.

Performance Measure 1.3: BC Games Alumni on Team BC

As often the first multi-event games experience, the BC Games are an important milestone on BC athletes and coaches' pathway to higher levels of competition. The percentage of BC Games alumni on Team BC – the provincial team competing at Canada Summer Games (CSG) and Canada Winter Games (CWG) and Western Canada Summer Games (WCSG) – indicates this progression. These targets are based on the cycles of these games (BC Games are held every two years; Canada Games and Western Canada Summer Games every four years).

Performance Measure	2011/12 Actual	2012/2013 Actual	2013/14 Actual	2014/15 Forecast	2014/15 Actual	2015/16 Target	2016/17 Target
Provincial Sport Organizations use the BC Games in the long term development of their sport toward participation in the Western Canada Summer and Canada Games.[1]	41% at WCSG	No Games	42% at 2013 CSG	50% at 2015 CWG	57% at 2015 CWG	50% at 2015 WCSG	No Games

Data Source:
[1] Comparison of Team BC registered athletes to BC Games past athlete database.

Performance Measure 1.4: BC Games Legacies

The BC Winter and BC Summer Games are held in alternate fiscal years and vary in size and scope (number of participants, volunteers and budget). Targets for BC Winter Games, then, vary from those of BC Summer Games – but will be consistent from one BC Winter Games to another as each set of Games is held in a different community with a unique set of athletes, coaches and volunteers. Reaching the legacy targets contributes to increased capacity for communities to stage subsequent events, job skills for trained volunteers and new or enhanced sport opportunities.

Performance Measure	2011/12 Actual (2012 BCWG)	2012/2013 Actual (2012 BCSG)	2013/14 Actual (2014 BCWG)	2014/15 Forecast (2014 BCSG)	2014/15 Actual (2014 BCSG)	2015/16 Target (2016 BCWG)	2016/17 Target (2016 BCSG)
Legacies in each of the three years include new sport development, increased participation in sport, hundreds of trained volunteers, equipment and facility upgrades	2,210 volunteers recruited and trained. $68,004 direct cash investment in sport and $119,408 sport development and infrastructure	2,850 volunteers recruited and trained. $45,753 direct cash investment in sport and $139,517, sport development and infrastructure	1,745 volunteers recruited and trained. $80,370 direct cash investment in sport and $60,000 sport development and infrastructure	3,100 volunteers recruited and trained. $80,000 direct cash investment in sport and $75,000 sport development and infrastructure	2,946 volunteers recruited and trained. $64,849 direct cash investment in sport and $75,871 sport development and infrastructure	2,300 volunteers recruited and trained. $60,000 direct cash investment in sport and $65,000 sport development and infrastructure	3,100 volunteers recruited and trained. $80,000 direct cash investment in sport and $75,000 sport development and infrastructure

Data Source:

[1] Volunteer figures from ViewTEAM software/financials obtained from audited financial statements for each community

Goal 2: Entrepreneurial Activities to Support Financial Sustainability and Program Enhancement

The Society encouraged financial sustainability and the enhancement of BC Games by increasing the level of non–governmental financial and in-kind support for the delivery of the BC Summer and BC Winter Games as well as to communities which host these events.

Strategies

- Established new, and maintain existing corporate partners, through a thorough delivery on our contractual obligations and ongoing efforts to recruit and maintain corporate sponsors.
- Provided supportive documentation and provided expertise to Host Communities to recruit and develop local cash and value-in-kind support.

Performance Measure 2.1: Corporate Partners provide cash and in-kind services to offset budgeted expenditures

The ability for BC Games to generate corporate partnerships (performance measure 2.1) and local government and business to support Host Society budgets (performance measure 2.2) offsets expenditures thus providing for fiscally responsible delivery of BC Games while maintaining high standards for event management and legacy development.

Performance Measure	2011/12 Actual (2012 BCWG)	2012/2013 Actual (2012 BCSG)	2013/14 Actual (2014 BCWG)	2014/15 Forecast (2014 BCSG)	2014/15 Actual (2014 BCSG)	2015/16 Target (2016 BCWG)	2016/17 Target (2016 BCSG)
Jazz Aviation (cash discount on charter fare)	Jazz Air completed 1st year of 2-year agreement. $10,755 value	Jazz Air completed 2-year agreement. Contract renewal finalized. $9,615 value	Jazz Air enters 1st year of 2-year agreement. $11,389 value	Jazz Air continues with 2nd year of agreement. 5% discount	Jazz Air completed 2nd year of 2-year agreement. $11,597 value	Jazz Air enters 1st year of renewed 2-year agreement. 5% discount	Jazz Air continues with 2nd year of 2-year agreement. 5% discount
Global BC (PSA ads and editorial VIK)	Global BC completed 1st year of 4-year agreement. $269,000 value	Global BC completed 2nd year of 4-year agreement $280,124 value	Global BC completed 3rd year of 4-year agreement. $300,372 value	Global BC continues with 4th year of 4-year agreement. $250,000 value	Global BC completed 4th year of 4-year agreement. $218,261 value	Global enters 1st year of renewed 4-year agreement. $250,000 value	Global continues with 2nd year of 4-year agreement. $250,000 value
Black Press (Ad VIK)	Black Press completed 1st year of 4-year agreement. $165,000 value	Black Press completed 2nd year of 4-year agreement. $183,000 value	Black Press completed 3rd year of 4-year agreement. $140,187 value	Black Press continues with 4th year of 4-year agreement. $150,000 value	Black Press completed 4th year of 4-year agreement. $149,004 value	Black Press enters 1st year of renewed 4-year agreement. $150,000 value	Black Press continues with 2nd year of 4-year agreement. $150,000 value
CN	n/a	CN completed one-year agreement. $60,000 value.	CN completes a one-year agreement. $30,000 agreement.	n/a	n/a	n/a	n/a
Coast Capital (cash)	n/a	n/a	n/a	Coast Capital enters 1st year of 3-year agreement. $60,000	Coast Capital completed 1st year of 3-year agreement. $60,000	Coast Capital continues with 2nd year of 3-year agreement. $60,000	Coast Capital continues with 3rd year of 3-year agreement. $60,000

Performance Measure 2.2: Host Society budgets are supported by local government and business through cash and in-kind contributions

Performance Measure	2011/12 Actual (2012 BCWG)	2012/2013 Actual (2012 BCSG)	2013/14 Actual (2014 BCWG)	2014/15 Forecast (2014 BCSG)	2014/15 Actual (2014 BCSG)	2015/16 Target (2016 BCWG)	2016/17 Target (2016 BCSG)
Cash and value-in-kind (VIK) generated	$162,800 cash $494,000 VIK	$105,938 cash $320,340 VIK	$9,100 cash $320,340 VIK	$60,000 cash $500,000 VIK	$153,450 cash $621,000 VIK	$40,000 cash $300,000 VIK	$60,000 cash $500,000 VIK

Discussion

- BC Games Society event managers work with host society key volunteers to help develop and implement fund-raising plans for local "Friends of Games," businesses, local government and other partners that provide cash or in-kind services. These measures are determined by Host Societies and differ from one host to another depending on legacy plans, resources available and/or Host Societies' operational plans (e.g. one community may wish to focus on competition needs, while another may wish to focus on ceremonies). Success in achieving this objective helps both the Host Society and the BC Games Society deliver quality games that meet budget targets.

Financial Report

Management Discussion and Analysis

As in past years, the Society met its financial objectives through thorough budget preparation and monitoring, while continuing to access revenue through corporate partner acquisition. The addition of Coast Capital Savings as a partner brought increased financial resources to the Society, which was able to pass these along as budget savings to our host cities. Additionally, the Society's legacy policy ensures a contribution from the host city as a result of the Society's fiscal oversight and local sponsor recruitment. Mission 2014 BC Winter Games contributed $40,129 to the Society, $15,129 greater than the forecast amount of $25,000.

Revenue from athlete registration fees were $7,923 below budget as a result of fewer athletes attending the Nanaimo Games, in part due to uncertainty of the prior school year.

The Society continues to monitor costs associated with hosting BC Winter and BC Summer Games to help ensure that revenue sources – including grants provided by the Province – meet these costs. These costs have generally been influenced by changing economies or community / volunteer fatigue. As well, increased costs for office and warehouse space, school district costs and other costs are increasingly impacting financial resources.

Team BC benefitted greatly from the Province's Community Gaming Grants ($388,800 in total) to Team BC and Provincial Sport Organizations for the team's ceremonial uniforms and travel to and from Prince George. This allowed Team BC to invest a total of $32,868 in lasting legacies that will benefit the Prince George region. These legacies include:

- KidSport Prince George (registration costs to support sport involvement);
- Northern BC Community Sport Development Society (coach leadership workshops);
- PacificSport North (delivery of coach workshops, sport skills development, First Nations and persons with a disability-related training);
- Prince George Blizzard Speedskating Club (joint use equipment purchase).

At March 31, 2015 the Society realized a budget surplus of $172,494.

Financial Resource Summary Table

$ millions	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Budget	2014/15 Actual	2014/15 Variance	2013/14 - 14/15 Variance	2015/16 Budget	2016/17 Budget
Operating Revenue											
Contribution from Province	1,978	2,160	2,105	2,105	2,013	2,013	2,013	0	0	2,013	2,013
Other income	307	442	285	664	434	865	1,323	458	889	665	875
Total Revenue	2,285	2,602	2,390	2,769	2,447	2,878	3,336	458	889	2,678	2,888
Operating Expenses											
Grants	215	839	670	869	522	102	291	189	(231)	525	600
Games Operations	1,327	578	437	554	661	1,394	1,603	209	942	789	909
Overhead	472	442	459	487	508	570	543	(27)	34	509	517
Salaries and benefits	698	661	740	720	748	812	726	(86)	(22)	855	862
Total Expenses	2,712	2,520	2,306	2,630	2,440	2,878	3,163	285	723	2,678	2,888
Retained earnings	480	562	646	785	793	793	965	172	172	965	965

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Financial Statements of

BC GAMES SOCIETY

Year ended March 31, 2015

1. Nature of Operations

The Society was incorporated under the Society Act on June 26, 1987. Currently, the purpose of the Society is to provide event management leadership to achieve sport, individual and community development and to manage the operations of Team BC, which is a team of athletes, coaches, managers, and mission staff that is assembled by the Province of British Columbia to represent the province at Canada's various multi-sport events.

Approximately 61% of the Society's annual revenues are received from the Province of British Columbia with the remainder generated from corporate sponsors, contributions from other societies, surpluses from host societies, athlete registration fees, contract service and interest.

The BC Winter Games, the BC Summer Games and the BC Seniors Games are planned and operated by societies incorporated in the host community for each event. These financial statements do not reflect the revenues and expenditures of the local societies.

BC Games Society is exempt from income taxes under the *Income Tax Act*.

2. Summary of significant accounting policies

The term "Society" is used to mean the BC Games Society.

(a) Basis of accounting:
The accompanying financial statements are prepared in accordance with Public Sector Accounting Board standards of the Chartered Professional Accountants of Canada without any elections to follow standards for government not-for-profit organizations.

(b) Cash and cash equivalents
Cash and cash equivalents include cash on hand and short term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of change in value. These short term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short term cash commitments rather than investing.

(c) Financial instruments
The Society's financial instruments include cash and cash equivalents, accounts receivable, amounts due from government organizations, accounts payable and accrued liabilities.

All financial instruments are measured at amortized cost using the effective interest method. Gains and losses are recognized in the Statement of Operations and accumulated surplus when these financial instruments are derecognized due to disposal or are impaired. Transaction costs related to the acquisition of these financial instruments are included in the cost of the related instruments.

The Society does not have any financial instruments, such as portfolio investments that are quoted in an active market or derivative instruments, which are valued at fair value, and therefore, no Statement of Remeasurement of Gains and Losses has been included.

2. Summary of significant accounting policies (continued)

(d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives, as follows:

Asset	Basis	Rate
Computers and application software	Straight Line	3 – 5 Years
Registration software and computer cabling	Straight Line	5 Years
Bedding, torch, flags and signs for host societies	Straight Line	12 years
Furniture and equipment	Straight Line	10 years
Leaseholds	Straight Line	over the term of the lease

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Society's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

(ii) Works of art, historic assets, and intangibles

Works of art, historic assets, intangible assets and items that have been purchased, developed, or inherited in right of the Crown are not recorded as assets in these financial statements.

(iii) Inventories held for use

Inventories held for use are recorded at the lower of cost and replacement cost. Cost includes the original purchase cost, plus shipping and applicable duties. Replacement cost is the estimated current price to replace the items.

(e) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred and gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

2. Summary of significant accounting policies (continued)

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the statement of financial position.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Donated or discounted goods and services are recorded at fair value.

Receipt of surplus from Summer and Winter Games Societies are recorded at the earlier of cash receipt and final determination of the amount of the surplus.

Investment income includes interest recorded on an accrual basis, realized gains and losses on the sale of investments, and write-downs on investments where the loss in value is determined to be other-than-temporary.

(f) Provincial contributions

The financial statements do not reflect certain administrative expenses incurred and paid directly by the Province of British Columbia in the delivery of the games.

(g) Legacy Funds – host communities

Host communities retain 100% of profits from souvenir sales and 50% of their operating surplus, if any, and all interest earned as part of their legacy fund.

(h) Grants to host societies

Grants to host societies are recorded as an expense when disbursement of funds has been authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made.

(i) Use of Estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Key areas where management has made estimates and assumptions include those related to the useful life of tangible capital assets and commitments. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

2. Summary of significant accounting policies (continued)

(j) Budget figures

Annual budget figures are determined by the Society's CEO based on approved funding available, as well as the geographical location of the Society's upcoming games to reflect travel and accommodation expenses for staff and athletes. The Society's budget for fiscal year 2015 was approved by the Board of Directors in January 2014. This approved budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Financial Assets.

3. Cash and cash equivalents

	2015	2014
Unrestricted cash	$ 190,990	$ 359,049
GICs	957,902	508,888
	$ 1,148,892	$ 867,937

The GICs totaling $957,902 earn 1.20% and all have maturity dates of July 22, 2015. The GICs are redeemable after 30 days without penalty.

4. Due from other government organizations

The amount due from other government organizations pertains to Goods and Services Taxes (GST) which has been paid on the Society's purchases and expenses, net of GST collected from athlete registration revenue.

5. Accounts payable and accrued liabilities

	2015	2014
Trade accounts payable	$ 5,309	$ 4,690
Salaries and benefits payable	-	23,321
Accrued vacation pay	14,833	7,387
Other accrued liabilities	21,187	309,386
	$ 41,329	$ 344,784

6. Tangible capital assets

	Registration software	Application software	Computers	Bedding, torch, flags and signs for host societies	Flags and signs for Team BC	Furniture and equipment	Cabling	Leasehold improvements	2015 Total
Cost									
Opening Balance	$353,781	$19,259	$26,508	$202,821	$-	$49,073	$8,436	$21,444	$681,322
Additions	18,964	699	5,692	12,549	12,745	9,292	-	-	59,941
Disposals	-	-	-	-	-	-	-	-	-
Closing Balance	372,745	19,958	32,200	215,370	12,745	58,365	8,436	21,444	741,263
Accumulated amortization									
Opening Balance	328,337	12,252	17,846	131,133	-	25,240	8,436	19,309	542,553
Amortization	11,453	2,598	6,059	7,885	531	5,372	-	854	34,752
Disposals	-	-	-	-	-	-	-	-	-
Closing Balance	339,790	14,850	23,905	139,018	531	30,612	8,436	20,163	577,305
Net book value	$32,955	$5,108	$8,295	$76,352	$12,214	$27,753	$-	$1,281	$163,958

6. Tangible capital assets (continued)

	Registration software	Application software	Computers	Bedding, torch, flags and signs for host societies	Flags and signs for Team BC	Furniture and equipment	Cabling	Leasehold improvements	2014 Total
Cost									
Opening Balance	$345,881	$20,841	$25,018	$183,151	$-	$49,073	$8,436	$21,444	$653,844
Additions	11,718	4,465	2,988	19,670	-	-	-	-	38,841
Disposals	(3,818)	(6,047)	(1,498)	-	-	-	-	-	(11,363)
Closing Balance	353,781	19,259	26,508	202,821	-	49,073	8,436	21,444	681,322
Accumulated amortization									
Opening Balance	317,722	15,617	13,870	115,114	-	20,332	8,436	18,454	509,545
Amortization	10,997	2,682	5,474	16,019	-	4,908	-	855	40,935
Disposals	(382)	(6,047)	(1,498)	-	-	-	-	-	(7,927)
Closing Balance	328,337	12,252	17,846	131,133	-	25,240	8,436	19,309	542,553
Net book value	$25,444	$7,007	$8,662	$71,688	$-	$23,833	$-	$2,135	$138,769

During 2014, the Society sold a segment of its developed registration software to BC Senior Games Society.

7. Financial risk management

The Society has exposure to the following risks from its use of financial instruments: interest rate risk, liquidity risk and other price risk.

The Board of Directors ensures that the Society has identified its major risks and ensures that management monitors and controls them.

It is management's opinion that there have been no changes to the Society's risk exposures from the previous fiscal year.

(a) Interest risk

Interest rate risk is the risk that the rate of return and future cash flows on the Society's GIC investments will fluctuate because of changes in market interest rates. The Society is not exposed to significant interest rate risk relating to its financial assets and liabilities.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society enters into transactions to purchase goods and services on credit. Liquidity risk is measured by reviewing the Society's future net cash flows for the possibility of a negative net cash flow. The Society manages the liquidity risk resulting from its accounts payable obligations by maintaining significant cash resources and investing in liquid investments.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Price risk is managed by holding investments to maturity.

(d) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments.

8. Deferred contributions

Deferred contributions are comprised of funds restricted for Team BC operating costs:

Team BC operating costs consist of salaries paid to the operations manager, travel expenses, publication and marketing expenses, and other miscellaneous operational and administrative expenses.

	2015	2014
Balance, beginning of year	$ -	$ -
Contributions received during the year	1,193,864	146,691
Revenue recognized from deferred contributions	(781,018)	(146,691)
Balance, end of year	$ 412,846	$ -

9. Surplus from host societies

Surplus from the host societies is comprised of:

	2015	2014
Mission 2014 Winter Games Society	$ 40,129	$ -
	$ 40,129	$ -

10. Expenses by object

The following is a summary of expenses by object:

	2015	2014
Advertising and promotions	$ 58,560	$ 47,295
Amortization	34,752	40,935
Bad debts	4,556	-
Computer maintenance	3,788	5,011
Games operating costs	822,181	514,769
Insurance, leases and utilities	169,538	171,310
Office and business expenses	87,134	91,301
Operating grants	291,000	521,500
Professional services	104,266	68,464
Salaries and employee benefits	725,883	747,905
Team BC operating costs	781,018	146,691
Travel and accommodation	80,511	84,322
	$3,163,187	$2,439,503

11. Contractual obligations

The Society has commitments arising from contractual agreements for office equipment, employment services, and a lease for office premises. It is responsible for all operating costs associated with the property lease. These operating costs totalled approximately $31,343 in 2015 (2014 - $29,925) and are in addition to the amounts reported below. The Society is also committed to provide funding to host societies for staging of future games events:

	2016	2017	2018	2019	2020
General commitments	$ 224,251	$ 104,679	$81,805	$ 82,850	$ 83,198
Host society commitments	425,000	600,000	520,800	604,200	475,000
	$ 649,251	$ 704,679	$ 602,605	$ 687,050	$ 558,198

Appendix A: Additional Information

Corporate Governance

Complete information on the BC Games Society's governance structure, Board information, and related documentation can be found at:
http://www.bcgames.org/AboutUs.aspx and click on any of the topics in the drop down box.

This section meets the standards as set by section 3 of the *Best Practice Guidelines for Governing Boards of BC Public Sector Organizations*.

Organizational Overview

More information on the BC Games Society can be found at:
http://www.bcgames.org/AboutUs.aspx and simply scroll down the page.